



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q1 2023



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q1 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in Q1 2023 showed that despite prolonged hostilities and missile attacks on civilian infrastructure respondents **softened their expectations for a drop in the output of Ukrainian goods and services** over the next 12 months. At the same time, respondents had **negative expectations for the performance of their companies** over that period. They expected slower inflation. Depreciation expectations remained strong.

The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would drop at a slower pace:** the balance of expectations was (-47.6%) compared to (-76.5%) in the previous quarter (Figure 1), and (-16.7%) across Ukraine
- **prices for consumer goods and services would grow more slowly:** the share of respondents who expected that the inflation rate would exceed 20.0% was 61.9% compared to 88.2% in Q4 2022, the figure across Ukraine being 53.2%. Respondents continued to refer to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 81.0% of respondents expected the hryvnia to weaken against the US dollar, compared to 94.1% in the previous quarter and 83.2% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-14.3%) compared to 0.0% in Q4 2022 (see Table), the figure across Ukraine being (-2.5%)
- **total sales would grow:** the balance of responses was 9.5% compared to 6.3% in the previous quarter (see Table). At the same time, respondents expected a drop in external sales: the balance of responses was (-16.7%) compared to (-25.0%) in Q4 2022. Overall, across Ukraine, respondents reported that sales would grow moderately: the balances of responses were 2.8% and 2.0% respectively
- **both investment in construction and investment in machinery, equipment, and tools would decrease:** the balances of responses were (-19.0%) and (-4.8%) respectively, compared to (-11.1%) and (-16.7%) respectively in the previous quarter. Across Ukraine, the balances of responses were (-17.8%) and (-10.3%) respectively
- **staff numbers at their companies would drop more quickly:** the balance of responses was (-38.1) compared to (-22.2%) in Q4 2022 (Figure 4). Overall, across Ukraine, the balance of responses was (-16.4%)
- **purchase and selling prices would rise significantly:** the balances of responses were 95.2% and 81.0% respectively compared to 94.4% and 66.7% in the previous quarter (Figure 6). Respondents referred to high raw material and supplies prices, energy prices and the hryvnia exchange rate as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would grow at a significantly faster pace:** the balances of responses were 85.7% and 66.7% respectively, up from 55.6% and 47.1% respectively in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, high raw material and supplies prices, and energy prices **as the main drags on their ability to boost production** (Figure 5).

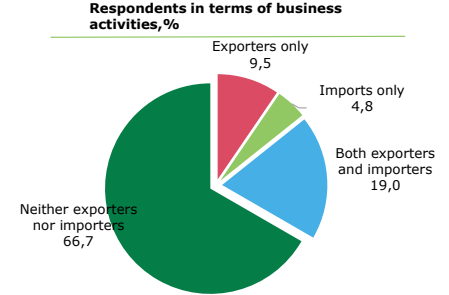
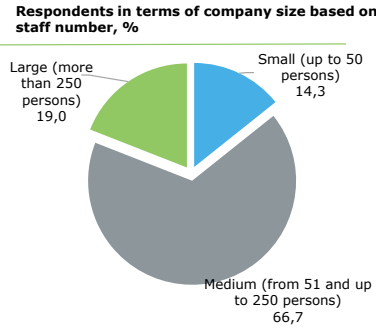
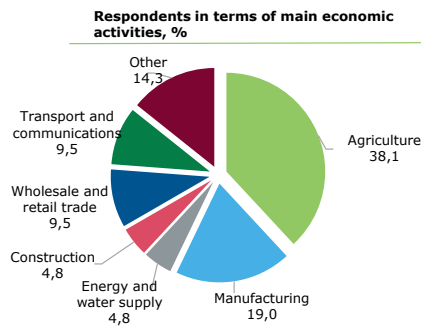
Respondents said that their borrowing needs would increase more **slowly** in the near future (Figure 8). The respondents who planned to take out loans (23.8% of those surveyed) opted only for domestic currency ones. Respondents said that lending standards had eased (Figure 9). Companies cited high loan rates and other funding sources as the main factors deterring them from taking out loans (Figure 10).

All respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.7% across Ukraine).

Assessments of financial and economic standings as of the time of the survey (Figure 3)

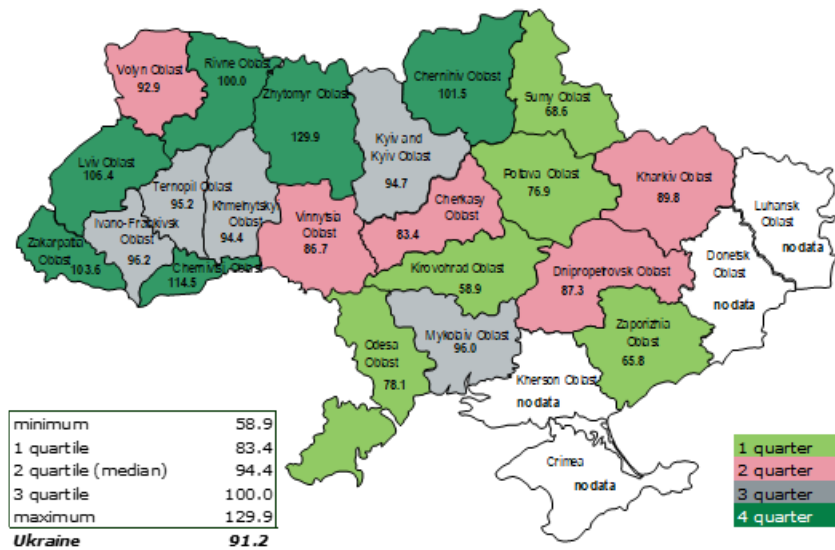
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-15.0%) compared to (-16.7%) in the previous quarter and (-16.9%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-10.0%) compared to (-16.7%) in Q4 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 14.3% compared to 11.8% in the previous quarter.

Survey Details^{1,2}



- Period: 30 January through 27 February 2023.
- A total of 21 companies were polled.
- A representative sample was generated on the basis of the agricultural sector and the manufacturing industry.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
⁴a median is the value of the BOI in the middle of an ordered sample where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Vinnytsia Oblast and Its Components⁴

Expectations over next 12 months for	Balances of responses, %				
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings		-25,0	-4,8	0,0	-14,3
Total sales		-9,5	14,3	6,3	9,5
Investment in construction		-50,0	-13,3	-11,1	-19,0
Investment in machinery, equipment, and tools		-43,8	-12,5	-16,7	-4,8
Staff numbers		-42,9	-23,8	-22,2	-38,1

¹ This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.
² Data for totals and components may be subject to rounding effects.
³ The business outlook index (BOI) is an aggregate indicator for expected business performance over the next 12 months. It is calculated using the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.
⁴ The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

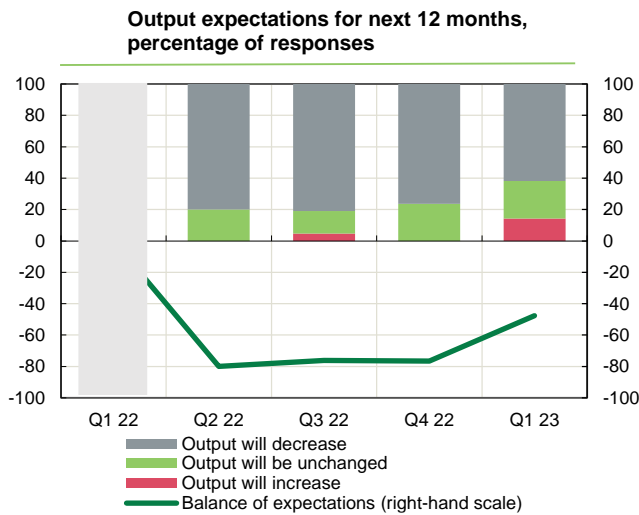


Figure 2

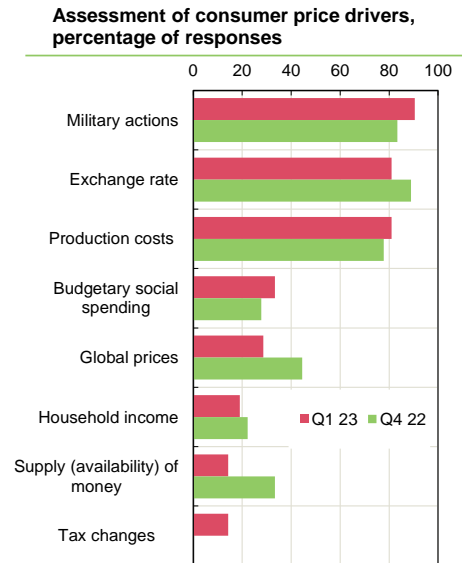


Figure 3

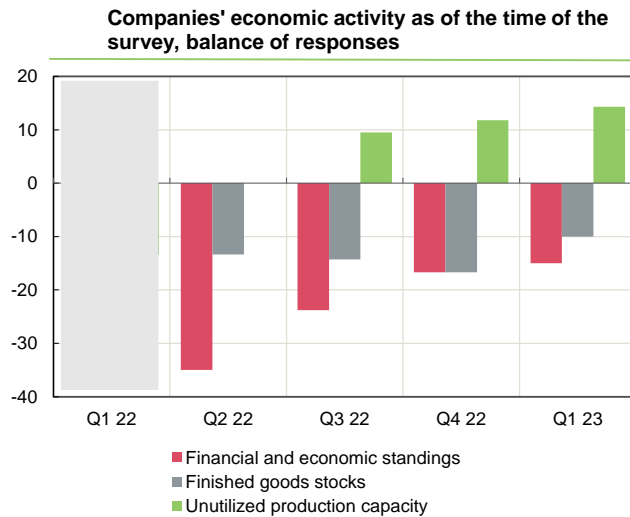


Figure 4



Figure 5

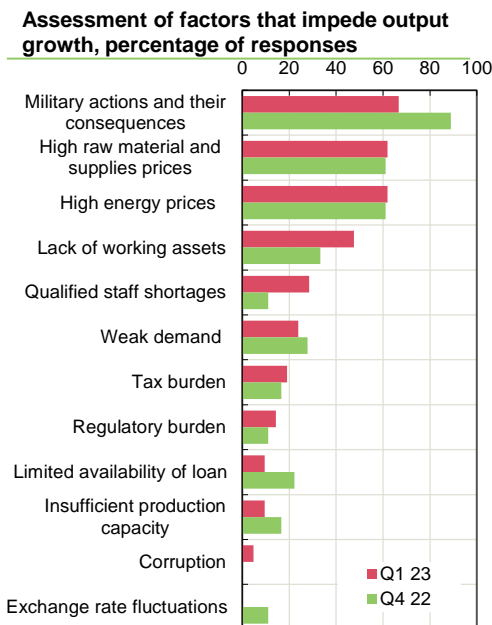


Figure 6

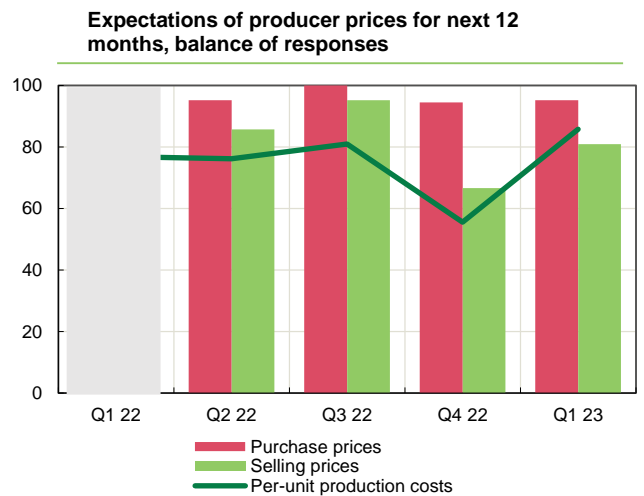


Figure 7

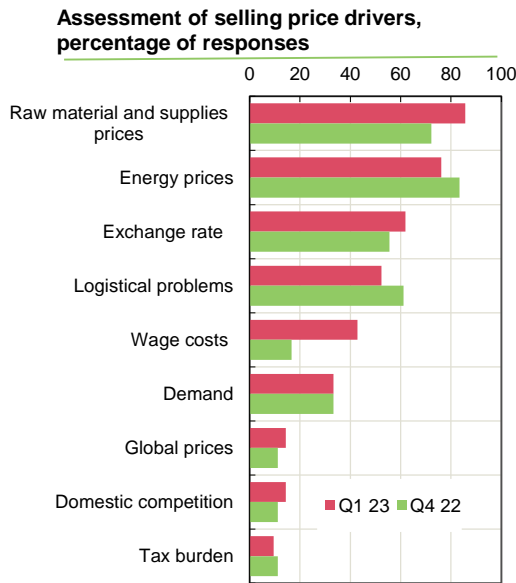


Figure 8

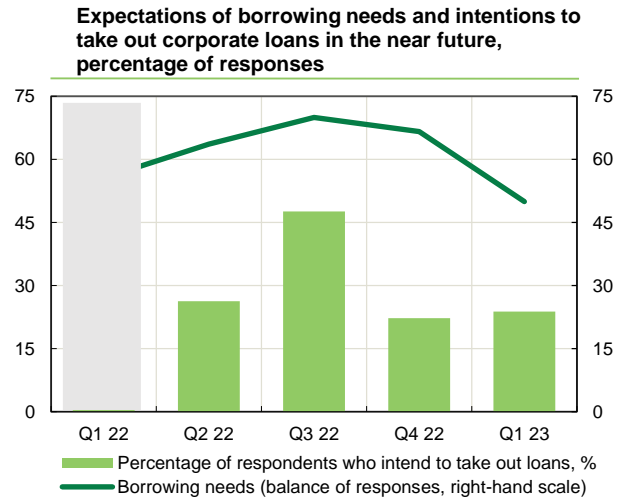


Figure 9

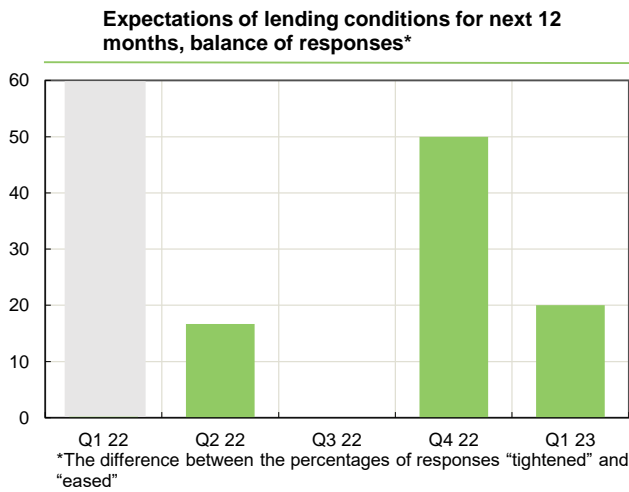


Figure 10

